

10-010.03P Depreciation: The Department recognizes depreciation as an allowable cost as reported on each facility's Medicare cost report and as determined allowable by the Medicare intermediary through application of Medicare principles of reimbursement.

10-010.03Q Recapture of Depreciation: A hospital which is sold for a profit and has received NMAP payments for depreciation, shall refund to the Department the lower of -

1. The amount of depreciation allowed and paid by the Department; or
2. The product of -
 - a. The ratio of Medicaid allowed inpatient days to total inpatient days; and
 - b. The amount of gain on the sale as determined by the Medicare intermediary.

$$\frac{\text{\# of Medicaid Inpatient Days}}{\text{Total \# of Inpatient Days}} \times \text{Gain on Sale in \$} = \text{Recapture Amount}$$

The year(s) for which depreciation is to be recaptured is determined by the Medicare Intermediary according to Medicare principles of reimbursement.

10-010.03R Adjustment to Rate: Changes to Medicaid total allowable costs as a result of error, audit, or investigation may become the basis for adjusting current and/or prior prospective rates. The adjustment will be made back to the initial date of payment for the period affected based on the rate as determined by the Department. Hospitals will receive written notice of any adjustment stating the amount of the adjustment and the basis for the adjustment. If the rate adjustment results in decreasing a hospital's rate, the hospital shall refund the overpayment amount as determined by the Department to the Department. If the rate adjustment results in increasing a hospital's rate, the Department shall reimburse the underpayment amount as determined by the Department to the hospital.

10-010.03S Lower Levels of Care: When the Department determines that a client no longer requires inpatient services but requires skilled nursing care and there are no skilled nursing beds available when the determination is made, the Department will pay only for authorized medically necessary skilled nursing care provided in an acute care hospital at a rate equal to the average rate per patient day paid by the Department to skilled nursing facilities during the previous calendar year.

Transmittal # MS-99-09

Supersedes _____ Approved MAY 04 2000 Effective MAY 01 1999

Transmittal # MS-95-6

When a Medicaid patient no longer requires inpatient hospital services and has requested nursing home admission and is waiting for completion of the pre-admission screening process (PASP), the Department may pay for the PASP days the client remains in the hospital before the pre-admission screening process is completed at a rate equal to the average rate per patient day paid by the Department to skilled nursing facilities during the previous calendar year. The hospital shall request prior authorization from the Medicaid Division before the PASP days are provided. The Medicaid Division will send the authorization to the hospital. The hospital shall bill for class of care 81 and enter the prior authorization document number from Form MC-9 on Form HCFA-1450 (UB-92). The claim for the PASP days must be separate from the claim for the inpatient days paid at the acute rate. The PASP days will be disallowed as acute care days and NMAP will pay the average rate per patient day paid by the Department to skilled nursing facilities during the previous calendar year for the PASP day. PASP days will not be considered in computing the hospital's prospective per diem rate.

10-010.03T Access to Records: Hospitals shall make all records relating to the care of Medicaid patients and any and all other cost information available to the Department, its designated representatives or agents, and/or representatives of the federal Department of Health and Human Services, upon reasonable notice during regular business hours.

Hospitals shall allow authorized representatives of the Health and Human Services Finance and Support, the federal Department of Health and Human Services, and state and federal fraud and abuse units to review and audit the hospital's data processing procedures and supportive software documentation involved in the production of computer-encoded claims submitted to the Department. The hospital shall allow the authorized representatives access for the purpose of audit and review at any reasonable time during normal working hours upon written notice by the Department at least one working day before the review and audit.

10-010.03U Audits: The Department periodically performs or receives cost report audits to monitor the accuracy of data used to set rates. Audits may be performed by the hospital's Medicare intermediary, the Department, or an independent public accounting firm, licensed to do business in Nebraska and retained by the Department. Audits will be performed as determined appropriate by the Department.

10-010.03V Provider Appeals: A hospital may submit additional evidence and request prompt administrative review of its prospective rate within 90 days of the rate notification date according to the procedures in 471 NAC 2-003 ff. A hospital may also request an adjustment to its rate (see 471 NAC 10-010.03V).

Transmittal # MS-99-09

Supersedes

Approved

MAY 04 2000

Effective

OCT 01 1999

Transmittal # MS-95-6

10-010.03W Request for Rate Adjustments: Hospitals may submit a request to the Department for an adjustment to their rates for the following:

1. An error in the calculation of the rate. Hospitals may submit a request for adjustment to their rate if the rate-setting methodology or principles of reimbursement established under the State Plan were incorrectly applied, or if incorrect data or erroneous calculations were used in the establishment of the hospital's rate.
2. Extraordinary circumstances. Hospitals may submit a request for adjustment to their rate for extraordinary circumstances that are not faced by other Nebraska hospitals in the provision of hospital services. Extraordinary circumstances are limited to circumstances occurring since the base year that are not addressed by the reimbursement methodology. Extraordinary circumstances are limited to -
 - a. Changes in routine and ancillary costs, which are limited to -
 - (1) Intern and resident related medical education costs; and
 - (2) Establishment of a certified Level III NICU;
 - b. Extraordinary capital-related costs. Adjustment for capital-related costs will be limited to no more than a five percent increase.
3. Catastrophic circumstances. Hospitals may submit a request for adjustment to their rate if they incur allowable costs as a consequence of a natural or other catastrophe. The following circumstances must be met to be considered a catastrophic circumstance:
 - a. One-time occurrence;
 - b. Less than twelve-month duration;
 - c. Could not have been reasonably predicted;
 - d. Not of an insurable nature;
 - e. Not covered by federal or state disaster relief;
 - f. Not a result of malpractice or negligence.

In all circumstances, requests for adjustments to rates must be calculable and auditable. Requests must specify the nature of the adjustment sought and the amount of the adjustment sought. The burden of proof is that of the requesting hospital.

If an adjustment is granted, the peer group rates will not be changed.

In making a request for adjustment for circumstances other than a correction of an error, the requesting hospital shall demonstrate the following:

Transmittal # MS-99-09

Supersedes _____ Approved MAY 04 2000 Effective OCT 01 1999

Transmittal # MS-95-6

1. Changes in costs are the result of factors generally not shared by other hospitals in Nebraska, such as improvements imposed by licensing or accrediting standards, or extraordinary circumstances beyond the hospital's control.
2. Every reasonable action has been taken by the hospital to mitigate or contain resulting cost increases. The Department may request that the hospital provide additional quantitative and qualitative data to assist in evaluation of the request. The Department may require an on-site operational review of the hospital be conducted by the Department or its designee.
3. The rate the hospital receives is insufficient to provide care and service that conforms to applicable state and federal laws, regulations, and quality and safety standards.

Requests for rate adjustments must be submitted in writing to the Administrator, Medicaid Division, Health and Human Services Finance and Support. Requests must be received within 45 days after one of the above circumstances occurs or the notification of the facility of its prospective rates. Upon receipt of the request, the Department shall determine the need for a conference with the hospital and will contact the facility to arrange a conference if needed. The conference, if needed, must be held within 60 days of the Department's receipt of the request. Regardless of the Department's decision, the provider will be afforded the opportunity for a conference if requested for a full explanation of the factors involved and the Department's decision. Following review of the matter, the Administrator shall notify the facility of the action to be taken by the Department within 30 days of receipt of the request for review or the date of the conference, except in circumstances where additional information is requested or additional investigation or analysis is determined to be necessary by the Department.

If rate relief is granted as a result of a rate adjustment request, the relief applies only to the rate year for which the request is submitted (except for corrections of errors in rate determination). If the provider believes that continued rate relief is justified, a request in any subsequent year may be submitted.

Under no circumstances shall changes in rates resulting from the request process result in payments to a hospital that exceed its actual Medicaid cost, calculated in conformity with this Medicaid cost calculation methodology.

10-010.03X Administrative Finality: See 471 NAC 3-001.09.

Transmittal # MS-99-09

Supersedes

Approved

MAY 04 2000

Effective

OCT 01 1999

Transmittal # MS-95-6

Substitute per letter dated 2/11/98 "

The State has in place a public process which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.

Transmittal # MS-97-10

Supersedes

Approved MAR 09 1998

Effective JAN 01 1998

Transmittal # (New Page)

December 8, 1997

Richard P. Brummel
Associate Regional Administrator for Medicaid
Room 227, Federal Office Building
601 East 12th Street
Kansas City, MO 64106-2898

Dear Mr. Brummel:

The enclosed Plan Amendment MS-97-10 addresses our nursing facility payment rate methodology for services to Nebraska Medicaid clients. This amendment replaces provisions of Section 12-011.07J of the State Plan by creating a proportionate share pool which will increase payment to Nebraska city and county owned nursing facilities. We request your approval of this State Plan change, with an effective date of January 1, 1998.

PUBLIC PROCESS FOR DETERMINATION OF RATES OF PAYMENT:

The State developed these rates of payment for nursing facility services under a public process which complies with provisions of the Social Security Act Section 1902(a)(13)(A).

NURSING HOME REFORM REQUIREMENTS:

Nebraska State Plan Amendment MS 92-12, Addendum #2, details the specific methodology used in determining the adjustment in payment amounts for OBRA 87 requirements as required by Section 4801(e)(1)(B) of OBRA 90. This Addendum is still applicable and in effect, although we assume that all costs of complying with OBRA 87 are now reflected in reported costs.

AVERAGE LTC PAYMENT RATES:

In order to compute the fiscal impact of this Plan change, the following criteria were used:

1. as is stated in the Plan, an estimated pool is created for each Nebraska reporting period and then settled retroactively. The reporting period is July 1, through June 30;
2. attachment A shows the calculation of the Nebraska proxy for the Medicare cost limit for the cost report period beginning July 1, 1997;

App MAR 09 1998

3. attachment B calculates the transfer amount to be paid to city and county owned facilities. Two assumptions are necessary in order to estimate the pool amount which will be paid to facilities for the 7/1/97 to 6/30/98 cost report period: 1) known payments for calendar year 1996 were increased by 7.5%, and 2) known inpatient days for calendar year 1996 were decreased by 2%.

4. because this proposed Plan amendment is effective January 1, 1998, the estimated pool is prorated to one-half (for the January 1, 1998 through June 30, 1998 time period) for the initial distribution, which is to occur on or about April 1, 1998.

In summary:

Type of Facility:	Average Rate		Inpatient Days	Total Payments	
	Before <u>Provisions of 12-011.07J</u>	After		Before	After
Governmental Nursing Facilities	\$84.34	\$153.08	433,526	\$ 36,564,939	\$ 66,363,094
Governmental Hospital- Based Facilities	\$96.18	\$164.99	225,092	\$ 21,649,926	\$ 37,137,721
All Governmental Facilities		\$157.15			\$103,500,815
Non-governmental Nursing Facilities	\$83.39	\$83.39	2,253,392	\$187,914,417	\$187,914,417
Non-governmental Hospital Based Facilities	\$109.53	\$109.53	<u>181,891</u>	<u>\$ 19,922,617</u>	<u>\$ 19,922,617</u>
Totals			3,093,901	\$266,051,899	\$311,337,849
Transfer Amount	\$45,285,950				

Note: Averages and totals are before "paid from other sources" is taken into account. This is necessary for comparison the "Medicare skilled nursing facility routing service cost limits" (proxy for Medicare Upper Limit).

Average Payment Before Transfer	\$85.99
Per Day Cost of Transfer	<u>14.64</u>
Average Payment Including Transfer	\$100.63
Average Medicare Cost Limit	\$115.05

Richard P. Brummel
December 8, 1997
Page Three

If you have any questions regarding this State Plan Amendment, please contact Tom Folmer at (402) 471-9202.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ric Compton", with a long horizontal flourish extending to the right.

Ric Compton, MPH
Director
Medicaid Division

Enclosures

Attachment A

NEBRASKA PROXY FOR MEDICARE COST LIMIT

COST REPORT PERIOD BEGINNING JULY 1, 1997

Provider Type/Location	Labor Component*	Non-Labor Component*	Total	Adjustment Factor**	Adjusted Total	OBRA Add-on	Total
Freestanding:							
MSA	\$88.45	\$18.99	\$107.44	1.02481	\$110.11	\$2.20	\$112.31
Non-MSA	\$89.81	\$15.16	\$104.97	1.02481	\$107.57	\$2.20	\$109.77
Hospital Based:							
MSA	\$124.76	\$26.45	\$151.21	1.02481	\$154.96	\$2.20	\$157.16
Non-MSA	\$114.31	\$19.01	\$133.32	1.02481	\$136.63	\$2.20	\$138.83

*SNF Routine Service Cost Limits Effective for Cost Reporting Periods beginning on or after 10/1/96

**Cost Reporting Year Adjustment Factor for Cost Reporting Period beginning 7/1/97

Note: Cost information from Mutual of Omaha Companies Medicare Newsletter, SNF 96-26, October 1996

data\proxy

Attachment B								
INTERGOVERNMENTAL TRANSFER - 1997								
Computation of approximate transfer amount								
Location	Facility	CY 96 Payment Before TPL	(Estimate) 7.5% Incr. to FY 98 Pymt	CY 96 XIX Days	(Estimate) 2% Decr. to FY 98 Days	FY 98 Est. Avg. Rate/Day	Nebr Proxy for Medicare Cost Limit	Approximate Transfer Calculation
(Governmental NFs from Roster as of March 31, 1997)								
Aurora	Hamilton Manor	1,136,944	1,222,215	15,975	15,656	78.07	109.77	496,289
Battle Creek	Community Pride Care Ctr	770,580	828,374	10,197	9,993	82.89	109.77	268,565
Bayard	Chimney Rock Villa	645,221	693,613	9,915	9,717	71.38	109.77	372,990
Beaver City	Beaver City Manor	610,859	656,673	9,888	9,690	67.77	109.77	407,024
Beemer	Colonial Haven	674,379	724,957	10,580	10,368	69.92	109.77	413,182
Bertrand	Bertrand NH	385,099	413,981	5,278	5,172	80.04	109.77	153,797
Chappell	Miller Memorial NH	350,148	376,409	4,437	4,348	86.57	109.77	100,899
Coleridge	Park View Haven NH	703,161	755,898	11,017	10,797	70.01	109.77	429,251
Crawford	Ponderosa Villa	539,945	580,441	9,534	9,343	62.12	109.77	445,175
Deshler	Parkview Haven NH	493,351	530,352	7,936	7,777	68.19	109.77	323,360
Elwood	Elwood Care Ctr	523,953	563,249	7,907	7,749	72.69	109.77	287,343
Fairmont	Fairview Manor	580,754	624,311	7,731	7,576	82.40	109.77	207,349
Greeley	Greeley Care Home	398,630	428,527	5,682	5,568	76.96	109.77	182,712
Harvard	Harvard Rest Haven	850,448	914,232	11,136	10,913	83.77	109.77	283,719
Hay Springs	Pioneer Manor	590,855	635,169	8,362	8,195	77.51	109.77	264,370
Hemingford	Hemingford Comm Care Ctr	365,248	392,642	7,539	7,388	53.14	109.77	418,363
Humboldt	Colonial Acres NH	984,977	1,058,850	12,772	12,517	84.60	109.77	315,093
Imperial	Imperial Manor	936,100	1,006,308	11,764	11,529	87.29	109.77	259,200
Kimball	Kimball Co Manor	639,005	686,930	10,011	9,811	70.02	109.77	389,999
Laurel	Hillcrest Care Ctr	870,892	936,209	10,417	10,209	91.71	109.77	184,396
Lewellen	Garden Co-Lewellen	378,990	407,414	4,956	4,857	83.88	109.77	125,725
Lincoln	Lancaster Manor	10,182,360	10,946,037	99,512	97,522	112.24	112.31	6,632
Louisville	Louisville Care Ctr	305,400	328,305	4,922	4,824	68.06	109.77	201,177
Madison	Countryside Home	732,849	787,813	11,131	10,908	72.22	109.77	409,600
McCook	Hillcrest NH	1,230,318	1,322,592	18,707	18,333	72.14	109.77	689,806
Mitchell	Mitchell Care Ctr	702,700	755,403	10,781	10,565	71.50	109.77	404,359
Nebraska City	Duff Memorial NH	874,576	940,169	14,029	13,748	68.38	109.77	568,995
Oakland	Oakland Heights	494,611	531,707	8,044	7,883	67.45	109.77	333,623
Plainview	Plainview Manor	704,350	757,176	10,280	10,074	75.16	109.77	348,691
Stanton	Stanton Nursing Home	1,422,634	1,529,332	18,981	18,601	82.22	109.77	512,542
Trinidad	Parkside Manor	827,991	890,090	9,466	9,277	95.95	109.77	128,211
Verdigre	El Dorado Manor	546,169	587,132	6,640	6,507	90.23	109.77	127,164
Verdigre	Alpine Village	719,077	773,008	11,022	10,802	71.56	109.77	412,679
Wilber	Wilber Nursing Home	1,382,381	1,486,060	19,037	18,656	79.65	109.77	561,838
Wisner	Wisner Manor	458,942	493,363	6,787	6,651	74.18	109.77	236,746
Totals		34,013,897	36,564,939	442,373	433,526	84.34		11,270,865
(HB from Roster as of December 31, 1996)								
Bassett	Rock County Hospital	327,552	352,118	5,300	5,194	67.79	138.83	368,965
Central City	Litzenberg Mem Co Hosp	561,295	603,392	7,008	6,868	87.86	138.83	350,070
Creighton	Creighton Area Hlth Svcs	546,947	587,968	8,614	8,442	69.65	138.83	583,996
Crete	Crete Muni Hosp	189,589	203,808	2,154	2,111	96.55	138.83	89,251
Fremont	Fremont Area Med Ctr	2,709,059	2,912,238	33,135	32,472	89.68	138.83	1,595,891
Friend	Warren Mem Hosp	461,768	496,401	8,204	8,040	61.74	138.83	619,781
Geneva	Fillmore Co Hosp	114,081	122,637	1,412	1,384	88.63	138.83	69,470
Genoa	Genoa Comm Hosp/LTC	733,905	788,948	10,240	10,035	78.62	138.83	604,239
Gothenburg	Gothenburg Mem Hosp	342,535	368,225	4,219	4,135	89.06	138.83	205,784
Grant	Perkins Co Hlth Svcs	614,766	660,873	9,260	9,075	72.83	138.83	598,981
Minden	Kearney Co Comm Hosp	391,592	420,961	4,727	4,632	90.87	138.83	222,163
Mullen	Pioneer Mem Comm	376,762	405,019	5,387	5,279	76.72	138.83	327,901
Omaha	Douglas Co Hosp	9,459,298	10,168,745	85,574	83,863	121.25	157.16	3,011,088
Ord	Valley Co Hosp	1,084,166	1,165,478	12,767	12,512	93.15	138.83	571,515
Oshkosh	Garden Co Hosp & NH	266,925	286,944	4,097	4,015	71.47	138.83	270,466
Rushville	Parkview Lodge	457,549	491,865	7,551	7,400	66.47	138.83	535,474
Wahoo	Saunders Co Comm Hosp	1,113,246	1,196,739	13,989	13,709	87.29	138.83	706,512
Wakefield	Wakefield Hlth Care Ctr	388,431	417,563	6,048	5,927	70.45	138.83	405,288
		20,139,466	21,649,926	229,686	225,092	96.18		11,136,835
	Governmental Rate after Transfer					157.15		
(Non-governmental NFs from Roster as of March 31, 1997)								
Adams	Gold Crest Retirement Center	579,003	622,428	7,352	7,205	86.39	109.77	168,460
Ainsworth	Comm Care of America	856,520	920,759	11,061	10,840	84.94	109.77	269,124
Albion	Wolf Mem Good Sam	716,919	770,688	10,558	10,347	74.49	109.77	365,085